



CIN: L24231UP2000PLC034918

Registered Office: 9th K M Jansath Road, Muzaffarnagar, Uttar Pradesh, 251001

Corporate Office: G-81, Preet Vihar, Delhi-110092

Q2 & H1 FY23 – Earnings Update

Revenue from Operations reported at ₹2,763.8 Mn in Q2 FY23 and ₹5,465.7 Mn for H1 FY23

EBITDA stands at ₹203.9 Mn in Q2 FY23 and ₹421.8 Mn for H1 FY23

PAT at ₹90.9 Mn in Q2 FY23 and ₹192.7 Mn for H1 FY23

New Delhi, 9th November, 2022: Gulshan Polyols Limited ("Gulshan") is a multi-location and multi-product manufacturing company with global presence in 35+ countries, across 3 continents. It operates in three segments namely grain processing, ethanol (bio-Fuel)/distillery and mineral processing. Gulshan in its board meeting held on 9th November, 2022 has inter-alia considered and approved the unaudited Financial Results for the second quarter and first half year ended on 30th September 2022 as one of its agenda.

Financial Statement Highlights for Q2 FY23 v/s Q2 FY22 v/s Q1 FY23

Particulars (₹ in Mn)	Q2 FY23	Q2 FY22	YoY%	Q1 FY23
Revenue from Operations	2,763.8	2,772.8		2,701.8
Other Income	13.5	4.3		4.7
Total Income	₹2,777.3	₹2,777.1	0.01%	₹2,706.5
Total Expenses excluding Depreciation, Amortization & Finance Cost	(2,573.4)	(2,303.1)		(2,488.7)
EBITDA	203.9	474.0		217.8
EBITDA Margin (%)	7.3%	17.1%	-57.0%	8.0%
Finance Cost	(14.9)	(11.6)		(10.9)
Depreciation	(71.2)	(80.0)		(70.6)
PBT	117.8	382.4		136.4
Tax Expenses	(26.9)	(98.7)		(34.5)
PAT	90.9	283.7	-68.0%	101.9
PAT Margin %	3.3%	10.2%		3.8%
Other Comprehensive Income/(expense)	(0.1)	(0.9)		0.1
Net PAT	90.8	282.8		102.0
Diluted EPS	1.8	5.7		2.0

*EBITDA includes other income

Financial Performance Comparison – Q2 FY23 v/s Q2 FY22

- Revenue from operations have remained stabled to **₹2,763.8 Mn in Q2 FY23 from ₹2,772.8 Mn in Q2 FY22**. Considering the peak use of manufacturing facilities led by strong demand for products the revenue growth was limited
- EBITDA decreased by **57.0% from ₹474.0 Mn in Q2 FY22 to ₹203.9 Mn in Q2 FY23** and **margins contracted from 17.1% in Q2 FY22 to 7.3% in Q2 FY23** owing to elevated commodity prices impacting raw material and power & fuel cost
- PAT stood at **₹90.9 Mn in Q2 FY23, compared to ₹283.7 Mn in Q2 FY22 recording a decline of 68.0%** due to operational factors as mentioned above

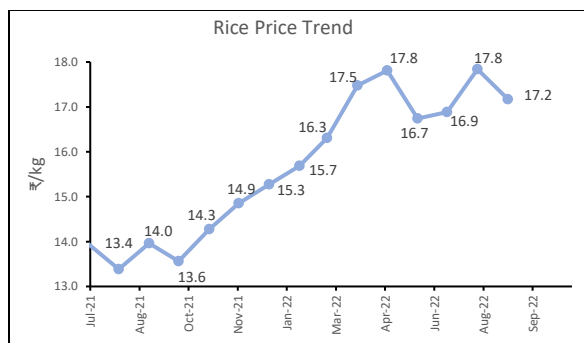
Financial Statement Highlights for H1 FY23 v/s H1 FY22

Particulars (₹ in Mn)	H1 FY23	H1 FY22	YoY%
Revenue from Operations	5,465.7	5,158.4	
Other Income	18.2	8.4	
Total Income	₹5,483.8	₹5,166.8	6.1%
Total Expenses excluding Depreciation, Amortization & Finance Cost	(5,062.1)	(4,256.4)	
EBITDA	421.8	909.4	-53.6%
EBITDA Margin (%)	7.7%	17.6%	
Finance Cost	(25.8)	(19.8)	
Depreciation	(141.8)	(155.7)	
PBT	254.2	733.8	
Tax Expense	(61.4)	(188.5)	
PAT	192.7	545.3	-64.7%
PAT Margin %	3.5%	10.6%	
Other Comprehensive Income/(expense)	0.0	(0.9)	
Net PAT	192.8	544.5	
Diluted EPS	3.7	11.0	

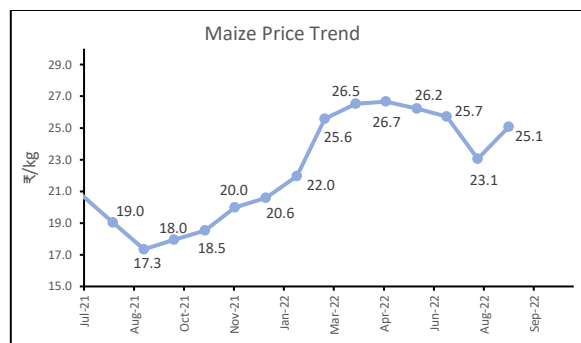
Financial Performance Comparison – H1 FY23 v/s H1 FY22

- Revenue from operations has **increased from ₹5,158.4 Mn in H1 FY22 to ₹5,465.7 Mn in H1 FY23**.
- COGS/Input costs have increased by 23.2% as compared to same period YoY considering the increased raw material cost and power cost
- Subsequently the EBITDA margins declined **from 17.6% in H1 FY22 to 7.7% in H1 FY23**
- PAT stood at **₹192.7 Mn in H1 FY23, compared to ₹545.3 Mn in H1 FY22** and margins **decreased to 3.5% in H1 FY23 from 10.6% in H1 FY22**

EBITDA Margins Impacted by soaring raw material prices:

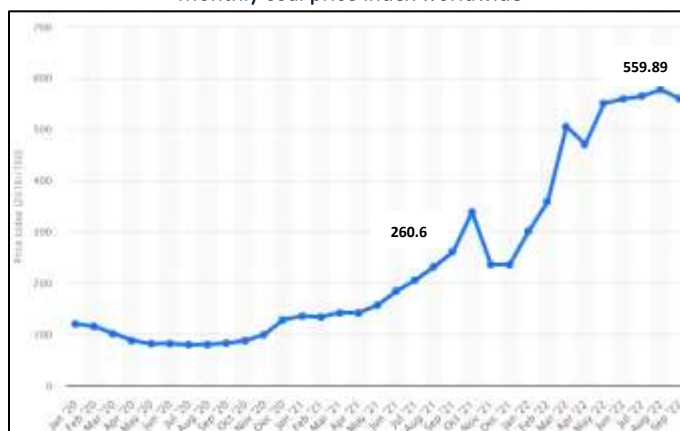


Source: <https://in.investing.com/commodities/rough-rice-historical-data>



Source: <https://www.indexmundi.com/commodities/?commodity=corn&months=60¤cy=INR>

Monthly coal price index worldwide



Source: <https://www.statista.com/statistics/1303005/monthly-coal-price-index-worldwide/>

Balance Sheet and Cash Flow Statement

Particulars (₹ in Mn)	H1 FY23	H1 FY22
Net Cash Generation from operation	89.7	354.6
Net Cash Generated/ (Used in) investing activity	(1,814.2)	(247.1)
Net Cash Generated/ (Used) from Financing activity	607.4	(40.8)
Net Increase in Cash and Cash Equivalents	(1,117.1)	66.7

Particulars (₹ in Mn)	As at 30 th Sep 22	As at 30 th Sep 21	Particulars (₹ in Mn)	As at 30 th Sep 22	As at 30 th Sep 21
Liabilities			Assets		
Shareholders Fund	5,494.5	4,184.2	Non-Current Assets	4,878.6	2,751.9
Share Capital	52.0	46.9	Property Plant & Equipment	2,256.6	2,395.9
Other Equity	5,442.6	4,137.3	Capital work-in-progress	2,042.2	141.5
			Investment Property	27.25	-
Non-Current Liabilities	1,168.2	256.8	Intangible assets	0.6	0.8

Borrowings	991.3	101.4	Financial Assets		
Other Financial liabilities	49.0	13.0	-Investments	263.8	4.2
Deferred Tax Liabilities	128.0	142.4	-Loans	-	55.5
Current Liabilities	2,134.6	1,170.5	-Other Financial assets	118.0	11.4
Borrowings	813.6	-	Other Non-Current Assets	170.1	142.5
Trade payables			Current Assets	3,918.7	2,859.5
-O/S dues of micro & small enterprises	42.8	12.8	Inventories	1,195.9	1,170.0
-O/S dues of creditors other than above	574.8	568.3	Financial Assets		
Other Financial liabilities	231.0	162.4	Investments	668.6	-
Lease Liabilities	0.1	-	Trade receivables	1,230.8	1,131.5
Other Current Liabilities	350.2	183.6	Cash and cash equivalents	9.0	245.4
Provisions	55.2	35.66	Other Bank Balance	143.9	32.4
Liabilities for current tax	67.1	207.7	Other Current assets	670.5	280.2
TOTAL LIABILITIES	8,797.4	5,611.5	TOTAL ASSETS	8,797.4	5,611.5

Financial Performance Comparison – H1 FY23 v/s H1 FY22

- Current Asset stood at ₹3,918.7 Mn in H1 FY23, compared to ₹2,859.5 Mn in H1 FY22
- Long-term borrowings stood at ₹991.3 Mn in H1 FY23, compared to ₹101.4 Mn in H1 FY22, due to disbursal of loan from HSBC for proposed Capex
- Debt Equity ratio has increased to 0.3x in H1 FY23 compared to 0.02x in H1 FY22
- Inventory Days stood at 68 days in H1 FY23, compared to 81 days in H1 FY22
- Cash flow from operations stands at ₹89.7 Mn

Business Updates

- Gulshan had a total sanction of ₹1,700 Mn from HSBC for the construction of the 500 KLPD facility at Borgoan, Madhya Pradesh, ₹1,200 Mn has been availed/utilized till September 30, 2022. The company is expected to commence its 500 KLPD plant operations from Q4 FY23
- The company has declared a final dividend of ₹1/- on face value of ₹1/- each for the FY 2022 during H1 FY23

Management Comments

Commenting on the performance of Q2 FY23, the management team of the company stated that, “We are happy to share our financial and business performance for Q2 and H1 FY23, revenue from operations remained relatively stable at ₹2,763.8 Mn in Q2 FY23 from ₹2,772.8 Mn in Q2 FY22 owing to peak utilization of our capacities, however, the company continued to witness robust demand for its product across all the three segments.

Our products continue to maintain their dominant market share, however, the commodity headwinds prevalent in Q2 FY23 in the form of higher raw material costs (primarily cost of rice and

maize), up by approximately 20%-35% and elevated coal prices, which almost doubled and hovered around their all-time high during September 2022, have put pressure on our operating margins. As we move forward, we are observing softening in the price of our key raw materials owing to increasing grain reserves as asserted by the government, ban on export of damaged rice and setting in of the new kharif crop. Further, the increasing production of coal in South Africa and China has led to cooling off of the global coal prices and will positively impact us in the upcoming quarters. Additionally, the recent price increase of ethanol from sugarcane is reflective of government's continuous effort for compensating the elevated costs of production.

With over 4 decades of experience in the business we have faced similar cost pressures and have time and again emerged stronger from the same. We are confident of continuing the same and believe that our capacity expansion plan and business strategies are well aligned to capitalize on the market opportunities created by robust consumption led demand.

We would like to highlight the following updates with respect to our individual business segments: In the Grain Processing segment, we continue to remain one of the top manufacturers of sorbitol, fructose syrup and maize starch in the country. All of our product continued to showcase healthy demand in particular the demand for maize starch, used in semi-kraft paper, has increased led by the exponential growth in the e-commerce industry. In order to meet the increased demand, our capacity expansion plan to enhance capacities by 20% in Grain Processing segment is proceeding on schedule.

In the Ethanol (Bio-Fuel)/Distillery segment, we would like to emphasize that our capex plan for establishing a 500 KLPD ethanol facility in Madhya Pradesh is progressing well and a loan of ₹1,200 Mn has been disbursed from HSBC as of 30th September 2022. The plant's operations are expected to begin in Q4 FY23 which will establish us as dominant player in grain-based ethanol and support the current 60 KLPD facility which continues to operate at more than 100% capacity utilization. The developments at Assam plant are also progressing as planned.

In the mineral processing segment, we expect the revenues from our contract with Meghna Pulp & Paper Mills Limited to start yielding results in upcoming quarter.

The company aims to grow its revenue by expanding its product portfolio through continual R&D and improve its margins by increasing contribution from higher margin products.

We would like to express our gratitude to our employees for their ongoing efforts and our investors/ stakeholders for their support and encouragement as we go forward in capturing the growth prospects that lay ahead of us."

Management Guidance

- Revenue from operation **to double** by FY24, on back of significant capacity expansion in Ethanol (Bio-Fuel)/Distillery and Grain Processing segment
- The management expects incremental revenue from the 500 KLPD facility at Borgoan, Madhya Pradesh as operations expected to commence towards the end of H2FY23, also the management expects resumption of normal growth from existing business capacities going forward
- The management expects EBITDA margin to improve to 10%-12% corridor in H2FY23 due to softening of basic raw material prices and declining coal prices which will lower our power and fuel cost

About Gulshan Polyols Limited

Gulshan Polyols Limited ("Gulshan") is a multi-location, multi-product manufacturing company with **global presence in 35 countries, across 3 continents**. The company features three main business segments namely, Grain Processing, Ethanol (Bio-Fuel)/Distillery & Mineral Processing. Gulshan is amongst **one of the market leaders in manufacturing sorbitol, precipitated calcium carbonate (PCC) and wet ground calcium carbonate (WGCC)**. The Company is planning to expand its footprints in distillery segment and has embarked on a significant capex plan for manufacturing ethanol. The company shall **augment operations from the 500 KLPD facility at Borgoan, Madhya Pradesh and further adding another 250 klpd in Assam where the operations shall commence by FY25**.

Gulshan's product portfolio comprises of starch sugars and native starches, calcium carbonate; agro based animal feed, alcohol business & on-site PCC plants. Gulshan is providing solution to diverse range of Industries & niche markets in core sector i.e. from toothpaste to alcohol, from sweeteners to paints, from paper to medicines, from plastics to personal care. Gulshan has an **impressive clientele comprising of top FMCG companies, paint companies, OMCs and others**. Gulshan is **recognized by Government of India as Star Export House, for consistent exports** of products to various parts of the world and **holds record for introducing on-site PCC plant as per Limca Records**.

For further information on the Company, please visit www.gulshanindia.com

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